

Message Text

SECRET

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51

ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 TRSE-00 /031 W

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R 220855Z JUL 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 7979

S E C R E T JIDDA 4243

EXDIS

DEPT PLS PASS SECRETARY SIMON

E.O. 11652: GDS

TAGS: EFIN, SA, US

SUBJECT: SAUDIS MAY BUY U.S. TREASURY ISSUES SOON

1. AHMAD ZAKI YAMANI, SAUDI MINISTER OF PETROLEUM, TOLD ME JULY 20 THAT SECRETARY SIMON'S PROPOSAL TO SAUDI FINANCE MINISTER PRINCE MUSA'ID WAS DISCUSSED WITH KING FAISAL PRIOR TO SECRETARY SIMON'S DEPARTURE FROM TAIF.

2. MUSA'ID EXPLAINED HOW THE U.S. TREASURY COULD HANDLE LARGE SUMS WITHOUT DISRUPTING THE MARKET EITHER ON THE PURCHASE OR SALE OF SPECIAL ISSUES.

3. THE KING WAS VERY INTERESTED AND, ACCORDING TO YAMANI, INSTRUCTED MUSA'ID TO REACH AN AGREEMENT QUICKLY. MUSA'ID REPLIED THAT THE MATTER REQUIRED SOME STUDY BUT THAT HIS MAJESTY'S INSTRUCTIONS WOULD BE CARRIED OUT.

4. YAMANI CONCLUDED THAT THE PROPOSAL WOULD BE ACCEPTED BEFORE KING FAISAL LEAVES FOR CAIRO JULY 31 AND ASKED THAT THIS "GOOD NEWS" BE PASSED TO SECRETARY SIMON.

5. COMMENT: I DO NOT DOUBT THE EXCHANGE TOOK
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PLACE AS DESCRIBED BY YAMANI. I DO NOT, RPT NOT, HOWEVER,

SHARE HIS CONVICTION THAT THE FINAL DECISION HAS
ALREADY BEEN TAKEN. THE FINAL WORD WILL BE
MUSA'ID'S AND ABA AL-KHAIL'S (MINISTER OF STATE
FOR FINANCE), NOT FAISAL'S. FAISAL IS MUSA'ID'S
NEPHEW; HE DEFERS TO HIM PUBLICLY AND IT WOULD BE
UNCHARACTERISTIC OF HIM TO OVER-RULE HIS UNCLE IN
SOMETHING UNDER MUSA'ID'S IMMEDIATE JURISDICTION.
AKINS

NOTE BY OC/T: NOT PASSED SECRETARY SIMON.

SECRET

NNN

Message Attributes

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